



# ***OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY AGENDA REPORT***

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**MEETING DATE:** 10-4-12    **CONTROL NO:**    **ITEM NO: 3**  
**SUBJECT:** LOAN AGREEMENT BETWEEN THE CITY OF ARTESIA AND THE  
 SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY  
 FOR THE COSTS OF COMPLETING CERTAIN PROJECTS OF THE  
 FORMER REDEVELOPMENT AGENCY

AND

RESOLUTION NO. OB 12-10  
 A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR  
 AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY APPROVING  
 A LOAN AGREEMENT FOR THE COSTS OF COMPLETING CERTAIN  
 PROJECTS OF THE FORMER REDEVELOPMENT AGENCY BY AND  
 BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF ARTESIA  
 AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH

**FROM:** SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY

**PRESENTATION BY:** Justine Menzel, Deputy Executive Director

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## ***INTRODUCTION***

The City of Artesia intends to pay currently due bills to contractors for the partially completed Pioneer Boulevard Improvement Project. However, the City is intending to make these payments in the form of a loan from the City to the Successor Agency of the former Artesia Redevelopment Agency. This loan agreement documents the loan so as to bolster the City's goal of obtaining eventual reimbursement from the Successor Agency.

## ***BACKGROUND AND DISCUSSION***

On September 1, 2007 and on March 28, 2011, and prior to the enactment of the Redevelopment Dissolution Law ("Part 1.85,") the Artesia Redevelopment Agency ("Former Agency") approved the "Parking Structure Project," the "City Maintenance Yard Project," and the "Downtown Revitalization Project." The "Downtown Revitalization Project," includes the "Pioneer Boulevard Improvement Project." On those same dates, the Former Agency and the City entered into an Agreement and then an Amendment thereto, by which the Former Agency became obligated to pay the City for the cost of the Projects.

The Former Agency, the City, or both such entities, have been implementing the Agency Projects and has entered into contracts to complete the projects, including contracts

with HB&A Architects, for the City Maintenance Yard Project, Tim Greenleaf Engineering for the Parking Structure Project, and with Griffith Company, A.C.E. Civil Engineering and Traffic Safety Engineers for the Downtown Revitalization Project, for a total estimated cost of \$2.6 million.

As of June 30, 2012, the total invoiced amount for these Agency Projects which have not previously been approved for payment on the Successor Agency Recognized Payment Obligation Statements is approximately \$518,008. Other additional invoices will be incurred in connection with the suspension of the project and with the completion of these former Agency Projects.

Pursuant to California Health & Safety Code Section 34173 (h), the City intends to loan the Successor Agency the funds from the City's General Fund to pay for the costs of the Agency Projects for which the Successor Agency has not already paid, with the expectation that the loan will be repaid by the Successor Agency from unspent bond funds or other funds available. In so doing, the City and Successor Agency are not "reestablishing" any former loan agreement between the City and the Former Agency pursuant to Health & Safety Code Section 34180 (h) but rather to enter into an entirely new loan agreement as authorized by Health & Safety Code Section 34173 (h).

The City and the Successor Agency desire to enter into this Agreement to acknowledge the foregoing recitals and to provide for an appropriate method for repayment of this loan.

The Loan Agreement, a copy of which is attached hereto, is designed to document the background, basis, and total amount of the loan of City General Fund money for the Successor Agency which loan amount will equal the outstanding payments to contractors for Agency Projects.

### ***RECOMMENDATION***

It is recommended that the Oversight Board for the Successor Agency to the Artesia Redevelopment Agency approve Resolution No. OB 12-10

### ***ATTACHMENT***

Resolution No. OB 12-10

ASA 12-17 with Loan Agreement

## **RESOLUTION NO. OB 12-10**

### **A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY APPROVING A LOAN AGREEMENT FOR THE COSTS OF COMPLETING CERTAIN PROJECTS OF THE FORMER REDEVELOPMENT AGENCY BY AND BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF ARTESIA AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH**

#### **RECITALS:**

A. The Successor Agency to the Artesia Redevelopment Agency ("Successor Agency") is required to undertake a number of actions pursuant to Part 1.85 of the Community Redevelopment Law (commencing with Health and Safety Code Section 34170) ("Part 1.85"), including winding down the affairs of the Artesia Redevelopment Agency ("Former Agency") pursuant to Health and Safety Code Section 34177(h). This includes completing partially completed projects of the Former Agency.

B. On September 1, 2007 and on March 28, 2011, and prior to the enactment of Part 1.85, the Former Agency approved the "Parking Structure Project," the "City Maintenance Yard Project," and the "Downtown Revitalization Project." These projects are collectively referred to as "Agency Projects." The "Downtown Revitalization Project," includes the "Pioneer Boulevard Improvement Project." On those same dates, the Former Agency and City entered into an Agreement, and then an Amendment thereto, by which the Former Agency became obligated to pay the City for the cost of the Agency Projects.

C. The Former Agency, the City, or both such entities, have been implementing the Agency Projects and have entered into contracts to complete the Projects, including contracts with HB&A Architects, for the City Maintenance Yard Project, Tim Green Leaf Engineering for the Parking Structure Project, and with Griffith Company, A.C.E Civil Engineering and Traffic Safety Engineers, for the Downtown Revitalization Project, for a total estimated cost of \$2.6 million.

D. As of June 30, 2012, the total invoiced amount for these Agency Projects which have not previously been approved for payment on the Successor Agency Recognized Payment Obligation Statements is approximately \$518,008.00. Other additional invoices will be incurred in connection with the completion of these Agency Projects.

E. Pursuant to California Health & Safety Code Section 34173 (h), the City intends to loan the Successor Agency the funds from the City's General Fund to pay for the costs of the Agency Projects for which the Successor Agency has not already paid, with the expectation that the loan will be repaid by the Successor Agency from unspent bond funds or other funds available. In so doing, the City and Successor Agency are not "reestablishing" any former loan

agreement between the City and the Former Agency pursuant to Health & Safety Code Section 34180 (h) but rather are entering into an entirely new loan agreement as authorized by Health & Safety Code Section 34173 (h).

F. The City and the Successor Agency desire to enter into this Agreement to acknowledge the foregoing recitals and to provide for an appropriate method for repayment of this loan.

**NOW, THEREFORE, THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:**

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Resolution is adopted pursuant to the provisions of Part 1.85, including but not limited to, California Health & Safety Code Section 34173 (h).

Section 3. The Oversight Board hereby approves the Loan Agreement by and between the Successor Agency and the City for the costs of completing certain projects of the former Artesia Redevelopment Agency, attached hereto as Exhibit A and incorporated herein by reference (the "Agreement") and the Chair and Secretary are hereby authorized and directed, acting singly, to execute the Agreement.

Section 4. The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

**PASSED AND ADOPTED** this 4<sup>th</sup> day of October, 2012.

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William A. Holt, Chairman

ATTEST:

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Gloria Considine, Secretary

## **EXHIBIT A**

Loan Agreement between the City of Artesia and the Successor Agency  
for the Costs of Completing Certain Projects of the Former Artesia Redevelopment Agency

**RESOLUTION NO. ASA 12-17**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY APPROVING THE EXECUTION OF A LOAN AGREEMENT BY AND BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF ARTESIA FOR THE COSTS OF COMPLETING CERTAIN PROJECTS OF THE FORMER REDEVELOPMENT AGENCY AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH**

**RECITALS:**

A. The Successor Agency to the Artesia Redevelopment Agency ("Successor Agency") is required to undertake a number of actions pursuant to Part 1.85 of the Community Redevelopment Law (commencing with Health and Safety Code Section 34170) ("Part 1.85"), including winding down the affairs of the Artesia Redevelopment Agency ("Former Agency") pursuant to Health and Safety Code Section 34177(h). This includes completing partially completed projects of the Former Agency.

B. On September 1, 2007 and on March 28, 2011, and prior to the enactment of Part 1.85, the Former Agency approved the "Parking Structure Project," the "City Maintenance Yard Project," and the "Downtown Revitalization Project." These projects are collectively referred to as "Agency Projects." The "Downtown Revitalization Project," includes the "Pioneer Boulevard Improvement Project." On those same dates, the Former Agency and City entered into an Agreement, and then an Amendment thereto, by which the Former Agency became obligated to pay the City for the cost of the Agency Projects.

C. The Former Agency, the City, or both such entities, have been implementing the Agency Projects and have entered into contracts to complete the Projects, including contracts with HB&A Architects and Tim Green Leaf Engineering for the City Maintenance Yard Project, and with Griffith Company, ACE Engineering and Traffic Safety Engineers, for the Downtown Revitalization Project, for a total estimated cost of \$2.6 million.

D. As of June 30, 2012, the total invoiced amount for these Agency Projects which have not previously been approved for payment on the Successor Agency Recognized Payment Obligation Statements is approximately \$518,008.00. Other additional invoices will be incurred in connection with the completion of these Agency Projects.

E. Pursuant to California Health & Safety Code Section 34173 (h), the City intends to loan the Successor Agency the funds from the City's General Fund to pay for the costs of the Agency Projects for which the Successor Agency has not already paid, with the expectation that the loan will be repaid by the Successor Agency from unspent bond funds or other funds available. In so doing, the City and Successor Agency are not "reestablishing" any former loan agreement between the City and the Former Agency pursuant to Health & Safety Code Section 34180 (h) but rather are entering into an entirely new loan agreement as authorized by Health & Safety Code Section 34173 (h).

F. The City and the Successor Agency desire to enter into this Agreement to acknowledge the foregoing recitals and to provide for an appropriate method for repayment of this loan.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:**

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Resolution is adopted pursuant to the provisions of Part 1.85, including but not limited to, California Health & Safety Code Section 34173 (h).

Section 3. The Board hereby approves the Loan Agreement by and between the Successor Agency and the City for the costs of completing certain projects of the former Artesia Redevelopment Agency, attached hereto as Exhibit A and incorporated herein by reference (the "Agreement") and the Chair and Secretary are hereby authorized and directed, acting singly, to execute the Agreement.

Section 4. The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

**PASSED AND ADOPTED** this 10th day of September, 2012.

  
John P. Lyon, Chair

ATTEST:

  
Gloria Considine, Secretary

I, Gloria Considine, City Clerk of the City of Artesia, do hereby certify that the foregoing resolution was introduced and adopted at a Regular Meeting of the City Council and Successor Agency of the City of Artesia held on the 10th day of September 2012, by the following roll call vote:

AYES:	BOARD MEMBERS: Canales, Lima, Manalo, Flowers and Lyon
NOES:	BOARD MEMBERS: None
ABSENT:	BOARD MEMBERS: None
ABSTAIN:	BOARD MEMBERS: None

  
GLORIA CONSIDINE, CITY CLERK

## **EXHIBIT A**

**Loan Agreement between the City of Artesia and the Successor Agency  
for the Costs of Completing Certain Projects of the Former Artesia Redevelopment Agency**



**LOAN AGREEMENT FOR THE COSTS OF COMPLETING  
FORMER REDEVELOPMENT AGENCY PROJECTS**  
(Pursuant to Cal. Health & Safety Code § 34173 (h))

This Agreement is made as of the 10th day of September, 2012, by and between the CITY OF ARTESIA (the "City") and the SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY (the "Successor Agency").

**RECITALS:**

A. The Successor Agency is required to undertake a number of actions pursuant to Part 1.85 of the Community Redevelopment Law (commencing with Health and Safety Code Section 34170) ("Part 1.85"), including winding down the affairs of the Artesia Redevelopment Agency ("Former Agency") pursuant to Health and Safety Code Section 34177(h). This includes completing partially completed projects of the Former Agency.

B. On September 1, 2007 and on March 28, 2011, and prior to the enactment of Part 1.85, the Former Agency approved the "Parking Structure Project," the "City Maintenance Yard Project," and the "Downtown Revitalization Project." These projects are collectively referred to as "Agency Projects" for purposes of this Agreement. The "Downtown Revitalization Project," includes the "Pioneer Boulevard Improvement Project." On those same dates, the Former Agency and the City entered into an Agreement and then an Amendment thereto, by which the Former Agency became obligated to pay the City for the cost of the Projects.

C. The Former Agency, the City, or both such entities, have been implementing the Agency Projects and have entered into contracts to complete the Projects, including contracts with HB&A Architects and Tim Green Leaf Engineering for the City Maintenance Yard Project, and with Griffith Company, ACE Engineering and Traffic Safety Engineers, for the Downtown Revitalization Project, for a total estimated cost of \$2.6 million.

D. As of June 30, 2012, the total invoiced amount for these Agency Projects which have not previously been approved for payment on the Successor Agency Recognized Payment Obligation Statements is approximately \$518,008.00. Other additional invoices will be incurred in connection with the completion of these former Agency Projects.

E. Pursuant to California Health & Safety Code Section 34173 (h), the City intends to loan the Successor Agency the funds from the City's General Fund to pay for the costs of the Agency Projects for which the Successor Agency has not already paid, with the expectation that the loan will be repaid by the Successor Agency from unspent bond funds or other funds available. In so doing, the City and Successor Agency are not "reestablishing" any former loan agreement between the City and the Former Agency pursuant to Health & Safety Code Section 34180 (h) but rather to enter into an entirely new loan agreement as authorized by Health & Safety Code Section 34173 (h).

F. The City and the Successor Agency desire to enter into this Agreement to acknowledge the foregoing recitals and to provide for an appropriate method for repayment of this loan.

NOW, THEREFORE, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

Section 1. The City agrees to loan the Agency funds to pay for the completion of the Agency Projects. The money loaned is from the City's General Fund and the Agency is authorized to use the funds loaned for costs and expenses in connection with the Agency Projects for which payment by the Successor Agency has not already occurred pursuant to an approved item on a Recognized Payment Obligation Schedule. Those expenses include, but are not limited to, payments to contractors, consultants, and other expenses required to undertake the work of the Agency Projects, including necessary City staff resources, office space, equipment, supplies, insurance and other services and facilities.

Section 2. The value of the expenses specified in Sections 1 and 3 shall constitute a loan from the City to the Agency to be repaid in accordance with this Agreement.

Section 3. The amount of the loan shall be calculated as follows. On or prior to the first day of each month, each of the department heads of the City shall prepare and submit to the City Manager a detailed accounting of any City costs and expenses for the Agency Projects, including invoices from outside contractors and consultants, for work on the Agency Projects. In addition, each department head shall also prepare and submit to the City Manager a detailed accounting of the use of all office space, equipment supplies, insurance, and other City services and facilities used by department personnel in connection with time spent on the Agency Projects. Based upon the foregoing detailed accountings prepared and submitted by each of the department heads, the City Manager shall calculate the total of such costs and expenses, which costs and expenses shall thereafter be treated as a loan from the City to the Agency. The City Manager shall thereafter submit an invoice from the City to the Successor Agency in the amount of Agency Projects costs and expenses for the preceding month.

Section 4. Within a reasonable time after the City submits an invoice to the Successor Agency pursuant to Section 3, the Agency shall repay to the City, upon demand each month, for the costs and expenses of the Agency Projects incurred by the City. The Agency shall pay such cost and expense from the following Successor Agency funds in priority order: (1) unspent Agency bond funds; and (2) any funds of the Agency lawfully available therefore. In the event that insufficient funds are available to the Successor Agency or such funds have not been approved for expenditure by the Department of Finance (DOF), then any unpaid amounts shall be carried over to the next available payment period.

Section 5 The City Manager shall review, from time to time, amounts previously repaid by the Agency to the City, which amounts were intended to reimburse the City for the costs and expenses of the Agency Projects. In the event that the City Manager determines, following such review, that additional moneys are due and owing to the City, the City Manager shall make immediate demand therefore. In the event that the City Manager determines following such review that the City has overcharged the Agency for such use, the City Manager shall apply a credit in the amount of such overcharge to the next demand or demands made to the Agency pursuant to this Agreement.

Section 6. Amounts not paid by the Agency to the City within 30 days of demand therefore pursuant to this Agreement shall bear interest at the average daily rate as determined by

the Treasurer of the City paid to the City on its funds invested in the Local Agency Investment Fund from the date of such demand to the date of repayment.

Section 7. The parties hereto agree to take all appropriate steps and execute any documents which may reasonably be necessary or convenient to implement the intent of this Agreement.

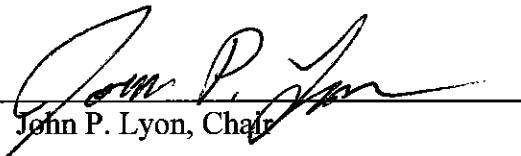
Section 8. Each party shall maintain books and records regarding its duties pursuant to this Agreement. Such books and records shall be available for inspection by the officers and agents of the other party at all reasonable times.

Section 9. This Agreement is made in the State of California under the Constitution and laws of the State of California, and is to be so construed. This Agreement is intended by the parties to be a loan agreement entered into pursuant to California Health & Safety Code Section 34173 (h) and once approved by the City, Successor Agency and Oversight Board, to be an enforceable obligation.


Section 10. This Agreement will be become effective upon approval of the Oversight Board to the Successor Agency.

Section 11. This Agreement may be amended at any time, and from time to time, by an agreement executed by both parties to this Agreement and approved by the Oversight Board to the Successor Agency

SUCCESSOR AGENCY TO THE ARTESIA  
REDEVELOPMENT AGENCY

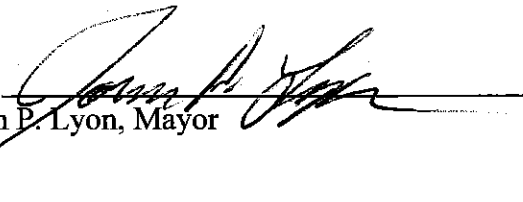
By:   
John P. Lyon, Chair

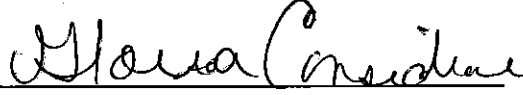
ATTEST:

By:   
Gloria Considine, Secretary

CITY OF ARTESIA

ATTEST:

By:   
John P. Lyon, Mayor

By:   
Gloria Considine, City Clerk

APPROVED:

By: \_\_\_\_\_  
William A. Holt, Chairman  
Oversight Board to the Successor Agency  
to the Artesia Redevelopment Agency

Date: \_\_\_\_\_